

How to do business with cut flowers and foliage buyers in Europe

The cut flower industry has seen tremendous growth in the last decade, with African countries gaining prominence as suppliers and the Netherlands expanding its role as gateway to Europe and the rest of the world.

Due to market saturation and economic pressure, the sector is now facing a pressing need for reform. Major changes are underway, as mass market retailers have moved forward in just a few years, setting new efficiency and Corporate Sustainability (CSR) standards. Buyers are tightening their grip on key EU markets, gearing up for a major upgrade of the supply chain that will involve every player in the chain from farm to final sales outlet.

Thus, it is vital to know and understand the wishes and needs of your European buyers in order to be successful in exporting cut flowers and foliage.

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1. Know your target markets and distribution channels

Focus has become a key word in EU flower trading. Entire supply chains are specialising in one of the two main distribution systems:

- the traditional channel;
- the mass market retail channel.

Each channel has its own set of requirements in terms of product range (assortment), stem length, volumes, delivery, flexibility, CSR and certification.

Make sure you know your target market/segment and that your assortment is optimal for that target market/segment. Investigate whether direct trade with importing wholesalers is a viable option, or whether you should focus on the more generic auction channel.

See [Channels and Segments](#) to gain an understanding of the difference between the two main distribution channels and the implications for your business decisions.

2. Be a consistent supplier

Contrary to what many growers assume, margins in Europe are tight and shrinking. This trend is driven largely by the huge bargaining power of mass market retailers and the resulting fierce competition. As a result, wholesalers are increasingly accepting only supplies with minimal risk.

Wholesalers need suppliers who are reliable and consistent in terms of service levels, quality and quantity. With regard to delivery quality, wholesalers favour suppliers of products that can be resold with a minimum of handling. There is no room for quality mistakes. These can lead to claims from end customers and even to the termination of business relationships. Consistent growers will take the lead in the next few years.

With margins shrinking and wholesalers heading for vertical integration, the key word must be consistency. Do all you can to be a reliable and consistent supplier. Communicate with your buyers to keep one step ahead of their needs and requirements.

3. Anchor CSR principles in your business

Consumers in Europe are showing increasing interest in sustainable flowers. Many retail chains, representing an estimated 40 to 60% of the flowers sold in the Northwest European market, demand sustainable flowers from their suppliers.

The best and simplest way to ensure your company can fulfil the increasing Corporate Social Responsibility (CSR) requirements of buyers is to build your company on a genuinely sustainable business philosophy. Do not just acquire labels; embrace sustainability. Anchor the CSR principles in your business plan and in the minds of your managers and staff.

CSR is not an optional marketing tool; it is a basic condition. Without it, you will not last long in the export business.

See [Buyer Requirements](#), which go beyond the role of the various certification schemes.

Check the [International Trade Centre's Standards Map](#). This online tool provides comprehensive information on over 130 voluntary sustainability standards and similar initiatives covering issues, such as food quality and safety.

4. Develop a focused assortment plan

Each market segment has its own preferences in terms of product range. To keep in step with your buyers, you may need to focus your product assortment accordingly. The traditional florist channel tends to be characterised by demand for a wide and deep assortment, high-quality products and constant demand for new and exclusive species. The retail channel is characterised by mass distribution of a limited assortment with guaranteed availability.

Develop an assortment plan that matches your target market (colours, varieties, volumes per variety, stem length). Selecting the right varieties will boost efficiency and marketability.

5. Improve your cold chain

European wholesalers are beginning to realise the full impact of effective cold chain management, and the risks of deficiencies in this key area. For them, better cold chain management means higher quality, less waste and more profit. Demand is growing for cold chain protocols and service level agreements.

Improved cold chain management is a challenge and an opportunity for developing country exporters. While some cold chain improvements are complex and costly, there are also many quick wins to be made. See recent studies to discover key opportunities, for instance [Kenyan-Dutch Horticultural Supply Chain](#).

For survival in the coming years, it is vital for growers to develop and implement cold chain protocols together with forwarders and buyers. A high level of professionalism in the cold chain includes temperature checks, vase life tests and service level agreements (SLAs) with logistic service providers. Do not leave the initiative to your

buyers; take the initiative yourself.

6. Take into account the quality of logistics and not just the cost

Until recently, buyers and growers have tended to take cost as the leading factor in logistics. They are now discovering that cheap logistics often yields lower revenues because of loss of quality. The trade-off between costs and returns is making efficient supply chains and proper cold chain management more favourable than cheap solutions. As buyers become more aware of the potential gains, they will need suppliers who are willing and able to work with them on the most profitable solutions.

- Rather than blindly opting for the cheapest deal, base your decisions regarding logistics on actual costs and returns. Make sure you have accurate data on your own costs and returns.
- When selecting a transport company, focus on quality of service, and cold chain performance. Are temperatures registered in a log? Does the forwarder have the ability to cool back flowers that arrive too warm?
- Make sure you're aware of all the options available before selecting a specific logistics solution.

7. Build your reputation and create a strong brand

Virtualisation is changing the rules of the auction game. Virtualisation is auctioning on the basis of digital product images and information rather than on the actual products. It can reduce handling, save time and costs, and enable the same products to be offered in different places at the same time. Distant buying currently accounts for 60 to 70% of auction transactions.

This technological trend is placing greater emphasis on the reliability of suppliers and the consistency of their supplies. Wholesalers want suppliers they can rely on (low risk, maximum turnover and margin) and will increasingly favour suppliers with a strong reputation, a clear brand, and rigorously consistent performance.

- As an exporter, you must adapt to virtualisation of the auctioning system by providing accurate digital information.
- Contact your top auction buyers to find out what they want and what will distinguish you from competitors (such as quality, a strong auction reputation and volumes).
- Virtual sales make supply consistency more important than ever. If you promise A quality but deliver B quality (even incidentally), buyers will instantly drop you!
- Branding means you will need strong promotional material, such as a website and brochures. A visually attractive presentation is crucial, with appealing and relevant photos.

Use the [FloraHolland](#) website to keep up to date with the auction developments.

8. Comply with Intellectual Property Rights (IPR)

Intellectual Property Rights (IPR) are assigned to breeders to help them recover their investment in breeding new varieties. As a grower, make sure that you do your homework properly with regard to IPR and that you pay your royalties. Failure to do so will disqualify you from exporting to Europe.

Breeders are increasingly tending to reserve new species for a select group of 'partner' growers. These new species only go mainstream after successful introduction, by which time their price has usually dropped. Invest in developing and competently managing your relationship with breeders. They can give you access to good varieties as well as to promising new ones.

- Make sure that you know exactly who owns the IPR for your species and pay necessary royalties.
- Lobby with your local government for good IPR regulation in line with WTO and UPOV standards.
- Be well aware of the protection frameworks for new plant varieties, such as the [Union for the Protection of New Plant Varieties \(UPOV\)](#) and the [Community Plant Variety Office \(CPVO\)](#).

9. Provide accurate product data to your buyers

The product data provided by suppliers are increasingly gaining in importance to buyers because they have no other choice but to rely on the product data and export documentation provided by their suppliers. Buyers expect that the data are streamlined and professional.

Incorrect data costs buyers money, and can negatively impact prices, leading to claims and loss of reputation. Accurate information is essential and all else being equal, buyers will select the supplier with the most accurate, up-to-date and systematic information system.

- Flower trading is increasingly centred on information. Provide product data your buyers can fully rely on.
- The emphasis on product data means you must be completely honest in your self-assessment and supply homogeneous lots. Do not compromise, for instance, on stem length, bud size, opening stage, and number of stems per bunch. Set up clear contract terms including supply information and claims.
- Do what you say, and say what you do.

10. Be proactive and professional in your communication with buyers

As the flower industry becomes more professional, the need for professional communication is also increasing. Buyers expect their suppliers to be as reachable as they are themselves. They expect suppliers to have communication lines that always work and key staff who can be reached and who can respond competently – 24/7. All questions and issues have to be followed up and where relevant, progress reports sent.

- Be aware of the growing importance of professional, proactive communication.
- Cultivate a strong customer orientation throughout your organisation. All management levels should understand the key requirements of your customers and work accordingly. Feedback from customers should be understood and acted upon. Make the required adaptations and inform your customers about the improvements.
- Develop your own corporate style so that your communications are easily recognisable.

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